

COST OF GRAND TRUNK PACIFIC.

AN APPALLING CHARGE ON THE COUNTRY.

Government Pledges of 1903, and Government Statements
To-day—Show that the People of Canada were
shamefully deceived.

The character of the Laurier Government as a business administration is beautifully illustrated by a comparison of the present estimated cost of the Grand Trunk Pacific with the statements made by Ministers when the contract was carried through the House, and with the declarations of the Premier and his supporters in the election campaign of 1904.

The Transcontinental Railway programme was the chief issue on which the Government appealed to the people in the last election. These declarations of Ministers, made in the most emphatic and authoritative way, were a pledge to the people of Canada as to the amount of obligation and outlays involved. The campaign literature of the Government party was based on the statements of Ministers. Electors who supported the Government undoubtedly gave full weight to these solemn undertakings.

\$13,000,000 WOULD PAY FOR ALL.

What were these pledges?

The Premier's emphatic statement in Parliament, many times repeated on the platform was that:

The sum total of the money to be paid by the Government for the construction of the line from Moncton to the Pacific will be in the neighborhood of \$12,000,000 or \$13,000,000 and not a cent more. (Hansard, 1903, page 7691.)

The campaign pamphlet on the subject had for its head line:

"A Transcontinental Railway for \$13,000,000," and in the text this authorized publication said: "It is an actual fact, an indisputable fact, that \$13,000,000 will cover every cent of the Country's expenditure in connection with the railway."

Mr. Fielding in Parliament quoted the Premier's statement and declared that it was substantially correct as to the \$13,000,000.

MULTIPLIED BY THREE.

In the session of 1908 the Minister of Railways and the Minister of Finance made new statements in the light of their present knowledge, giving the cost to the people of Canada of this railway, on the same basis as the \$13,000,000 statement of 1903 and 1904.

But so great has been the increase of cost over the estimates of four and five years before that instead of \$12,000,000 or \$13,000,000, Mr. Graham now makes the ultimate cost to the people on this basis \$38,263,976. (Hansard, 1908, page 12,675.)

Mr. Fielding, in the same discussion, endorses this announcement. But in Mr. Fielding's statement of 1903 he included in the charge the interest on four-ninths of the cost of the Quebec Bridge. In 1905 he left that out, thus reducing his estimate of the interest charge by more than a million.

Here we have the two estimates on the same basis, made by the same Ministry, in a period of five years, one of \$13,000,000, and one of \$38,000,000, or, adding the Bridge, between \$39,000,000 and \$40,000,000.

Yet the section to be built by the Government is probably not a quarter completed, and a large part of it was only placed under contract in July, 1908, while the Mountain section is only partially located. What will the estimate be when the road approaches completion?

THE REAL OBLIGATION.

Turning now from the frivolous and misleading \$13,000,000 statements, we take up the actual cost and obligation which the people of Canada are to pay and assume in respect of this undertaking. They were set forth by Mr. Borden in a statement made in the House, July 7th, 1908, and recorded in Hansard, page 12,243. Before giving this, it would be well to print the return of the Minister of Railways, upon which Mr. Borden's statement is based. This is found in a sessional paper brought down by Mr. Graham, and recorded in Hansard, on pages 12,238 to 12,242:

Length of the road from Moncton to Winnipeg	1,803.55 miles
Estimated cost per mile	\$ 63,427
Transcontinental share of the cost of Moncton shops	750,000
Terminals at Quebec	2,000,000
Winnipeg shops	1,500,000
Winnipeg terminals, joint arrangement with Canadian Northern—	
Prairie section	916 miles
Mountain section	839 miles
Estimated cost of Mountain section	\$61,520,000

Take now Mr. Borden's statement of the outlay and obligations of Canada in connection with this road, as based upon the Minister's latest statement:

EASTERN DIVISION.

Construction of Railway from Moncton to Winnipeg, 1,803.65 miles, at estimated cost of \$63,427 per mile.	\$114,393,765
Allowing five years for period of construction, there will be an average of 2½ years simple interest at 3½ per cent. during construction, or \$4,003,781 67 per year for 2½ years	10,009,454

Cost of Eastern Division at completion will thus be..	124,403,219
To this must be added 7 years interest at 3 per cent. (not compounded) after completion, during which G. T. P. is to pay no rent	20,124,676
Also interest at 3 per cent. for three years additional during which no rent is collectable unless earnings are sufficient	11,196,290

\$161,724,185

QUEBEC BRIDGE.

Cost of Quebec Bridge up to March 1st, 1907 (Govern- ment return)	\$5,422,238
Estimated cost of completion	9,000,000
	<u>14,422,238</u>

TERMINALS.

Estimated cost of our share of terminals at Quebec, Winnipeg and Moncton, and shops east of Winnipeg	5,470,000
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MOUNTAIN SECTION.

Cost of Mountain Section (839 miles) as stated in return brought down \$61,520,000
 Seventy-five per cent. of the above \$46,140,000 to be guaranteed by the Government for construction of Mountain Section.

And the Government agrees to pay without recourse the interest on bonds so guaranteed for 7 years, which at 3½ per cent. amounts to 11,304,300

RECAPITULATION OF CASH EXPENDITURE.

Total cash expenditure and interest in respect of Eastern Division as above	124,403,219
To this must be added 7 years interest at 3 per cent. (not compound) after completion, during which G. T. P. is to pay no rent.	26,124,676
Also interest at 3 per cent. for three years additional during which no rent is collectable unless earnings are sufficient.	11,196,290
Cost of Quebec Bridge as estimated.	14,422,238
Cost of terminals at Moncton, Quebec and Winnipeg and shops east of Winnipeg	5,470,000
Interest to be paid by the Government without recourse on Mountain section	<u>11,304,300</u>
Total cash expenditure.	<u>\$192,920,723</u>

BOND GUARANTEE.

In addition to the above cash expenditure the Government incurs the following obligations on its guarantee of bonds:

Guarantee on Bond issue on Mountain Section as above	46,140,000
Guarantee on Bond issue on Prairie Section, 916 miles at \$13,000 per mile	<u>11,908,000</u>
Cash expenditure	\$192,920,723
Bond Guarantee	<u>58,048,000</u>
Total.	<u>\$250,966,725</u>

ADMITS \$230,000,000.

After Mr. Borden made this statement, Mr. Graham and Mr. Fielding took four days to study it over and then made their criticisms. Mr. Graham, ventured to dispute only three items. One was the charge for terminals at Winnipeg, concerning which the Minister's own statement had been ambiguous. Assuming his objections to be correct, there would be a reduction of \$878,750. The Minister also objected to the inclusion of the Quebec Bridge in the statement, though the bridge will be part of the G. T. P., and Mr. Fielding himself, in 1903, stated that four-ninths of the cost should be charged to the Transcontinental. The only other item to which Mr. Graham objected was the \$11,196,290 interest on the cost of the Eastern section for the three years during which no rent is collectable unless the earnings are sufficient. Mr. Graham believed that the earnings would be sufficient, and Mr. Fielding contended that the amount would in any case be charged against the Company. Anyone who believes that the G. T. P. Company will admit

that it earns sufficient to pay this rental may strike out \$11,196,290. Even then, if only the share of the Quebec Bridge which Mr. Fielding wished to include in 1903 is allowed, the costs and obligations will still exceed \$230,000,000.

A FEW COMPARISONS.

Take now the statement of construction cost as made by Ministers in 1903 and 1908.

In 1903 Mr. Fielding made an elaborate statement, said by him to be on high authority, and repeated in 1904. He declared that the road from Moncton to Winnipeg would be built for \$51,300,000. (Hansard, page 8584.)

Mr. Graham, Minister of Railways, now places the cost at \$114,393,765.

In 1903 Mr. Fielding computed the interest during construction at \$3,309,676.

Mr. Graham now says that this interest will amount to \$10,009,754.

In 1903 Mr. Fielding estimated the seven years' interest at \$11,468,030.

Mr. Graham now admits that this interest will be \$26,124,676.

In 1903 Mr. Fielding declared that the guarantee by the Government on the Mountain section "cannot exceed \$14,400,000."

Mr. Graham now gives the cost of the Mountain section at \$61,520,000, and makes the Government guarantee \$46,140,000.

Mr. Fielding and all the other Ministers in their calculations of 1903 and 1904 left out the cost of terminals in the Eastern division, which they now estimate between \$4,000,000 and \$5,000,000.

In 1903 Mr. Fielding gave the cost of the Quebec Bridge at \$4,500,000.

The Government is already liable for more than \$6,000,000 in respect to this enterprise, and the bridge is yet to be built.

In 1903 the Ministers estimated the cost of the road from Quebec to Winnipeg at \$28,000 per mile.

They now admit it will cost \$63,000 per mile.

The Ministers procured official statements that the road from Quebec to Moncton would cost only \$25,000 a mile, and only be 400 miles in length.

The Transcontinental Commission now estimates the cost of one division at \$32,573, one at \$42,000, one at \$45,000, one at \$51,000, one at \$65,000, one at \$83,000, and one at \$110,000. The distance is increased to 456 miles, and over part of the distance there is a "pusher grade," requiring an extra engine to push the train up.

The total estimated cost in 1903 of the Quebec to Moncton section was \$10,000,000.

On the present estimate the cost will be in the neighborhood of \$25,000,000.

Such were the pledges on which the Government secured the assent of Parliament and the consent of the Country to the Grand Trunk Pacific contract.

Such are the admissions which the Ministers now make of the absolute worthlessness of these pledges and declarations.